

ASSEMBLY BILL

No. 2440

Introduced by Assembly Member Hagman

February 21, 2014

An act to amend Section 15144 of the Education Code, and to amend Section 53508.6 of the Government Code, relating to school bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 2440, as introduced, Hagman. School bonds: equipment purchases.

(1) Existing law authorizes the governing board of any school district or community college district to order an election and submit to the electors of the district the question whether the bonds of the district should be issued and sold to raise money for specified purposes. Existing law requires the number of years the whole or any part of the bonds are to run to not exceed 25 years.

This bill would require bonds to have a maturity that does not exceed 10 years if proceeds of the bond would be used to purchase equipment with a useful life of less than 5 years.

(2) Additionally and alternatively to the authority described above, existing law authorizes the legislative body of any issuer, by resolution, to provide for the issuance of bonds or refunding bonds. Existing law provides that bonds issued pursuant to this authority by a school district or community college district that do not allow for the compounding of interest may have a maturity that is greater than 30 years, but not greater than 40 years, if certain requirements are satisfied.

This bill would require bonds issued pursuant to this authority to have a maturity that does not exceed 10 years if proceeds of the bond would be used to purchase equipment with a useful life of less than 5 years.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 15144 of the Education Code is amended
2 to read:

3 15144. ~~The~~*(a) Except as provided in subdivision (b), the*
4 *number of years the whole or any part of the bonds are to run shall*
5 *not exceed 25 years, from the date of the bonds or the date of any*
6 *series thereof of the bonds.*

7 *(b) If bond proceeds will be used to purchase equipment with*
8 *a useful life of less than five years, bonds issued and sold pursuant*
9 *to this chapter and Chapter 1.5 (commencing with Section 15264)*
10 *shall have a maturity that does not exceed 10 years.*

11 SEC. 2. Section 53508.6 of the Government Code is amended
12 to read:

13 53508.6. ~~Notwithstanding~~*(a) Except as provided in*
14 *subdivision (b), notwithstanding any other law, a school district*
15 *or community college district may, pursuant to this article, issue*
16 *bonds that do not allow for the compounding of interest and that*
17 *have a maturity greater than 30 years, but not greater than 40 years,*
18 *if the school district or community college district does both of*
19 *the following:*

20 ~~(a)~~

21 *(1) Complies with the requirements of subdivisions (b) and (c)*
22 *of Section 15146 of the Education Code.*

23 ~~(b)~~

24 *(2) Makes a finding that the useful life of the facility financed*
25 *with the bonds that do not allow for the compounding of interest*
26 *and that have a maturity greater than 30 years, but not greater than*
27 *40 years, equals or exceeds the maturity date of those bonds.*

28 *(b) If bond proceeds will be used to purchase equipment with*
29 *a useful life of less than five years, bonds issued and sold by a*
30 *school district or community college district pursuant to this article*
31 *shall have a maturity that does not exceed 10 years.*